

DISBURSEMENT PROCESSING- EFT

What should a department do to process a payee's request to receive payment via electronic funds transfer (EFT)?

Electronic funds transfer (EFT) allows for the payment of payees electronically. It is the preferred method of payment for all payees doing business with the Commonwealth. A new payee should always be encouraged by the department to receive payment electronically. It saves the Commonwealth money. When a department initiates a new business relationship with a payee this question should always be asked.

Registering a payee for EFT payment is now the responsibility of the department doing business with that payee. The payee should complete and return to the department the "Authorization For Electronic Funds Payment" form. This form contains the banking information that the department must enter on the Vendor Update Transaction screen.

Departments should follow the steps listed below:

1. Departments will enter the required EFT information on the Vendor Update (VU) screen.
2. After the Payee has been approved by CTR, another table in MMARS (STOV) is automatically updated which in turn alerts Treasury to the fact that an EFT vendor request has been entered.
3. The Treasury initiates a pre-note process, similar to a test run, of the EFT process, to ensure that the electronic transfer will work correctly. This takes 15 days to complete.
4. If there is no problem, the EFT payment process is automatically initiated. The STOV table is batch updated with a 'C' for complete in the electronic commerce status (ECS).